



## Senate

General Assembly

**File No. 275**

February Session, 2012

Substitute Senate Bill No. 331

*Senate, April 5, 2012*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT PROVIDING A TAX CREDIT FOR CERTAIN EMPLOYERS OF VETERANS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217g of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage and*  
3 *applicable to income years commencing on or after January 1, 2012*):

4 (a) For the purposes of this section:

5 (1) "Armed forces" means the United States Army, Navy, Marine  
6 Corps, Coast Guard and Air Force and any reserve component thereof,  
7 including a state national guard performing duty as provided in Title  
8 32 of the United States Code;

9 (2) "Qualified apprenticeship training program" means a program  
10 requiring at least four thousand but not more than eight thousand  
11 hours of apprenticeship training for certification of an apprenticeship  
12 by the Connecticut State Apprenticeship Council;

13       (3) "Newly hired veteran" means a person who (A) was unemployed  
14       prior to employment with the taxpayer eligible for a credit in this  
15       section, regardless of whether such person collected unemployment  
16       compensation benefits as a result of such unemployment, (B) was a  
17       member of the armed forces and was called to active service in the  
18       armed forces in support of (i) Operation Enduring Freedom, or (ii)  
19       military operations that were authorized by the President of the United  
20       States that entail military action against Iraq, and (C) was honorably  
21       discharged after not less than ninety days of service in an area  
22       designated by the President of the United States by executive order as  
23       a combat zone, as indicated on a military discharge document, as  
24       defined in section 1-219, unless separated from service earlier because  
25       of a service-connected disability rated by the Veteran's Administration.

26       [(a)] (b) There shall be allowed a credit for any taxpayer against the  
27       tax imposed under this chapter for any income year with respect to  
28       each apprenticeship in the manufacturing trades commenced by such  
29       taxpayer in such year under a qualified apprenticeship training  
30       program, [as described in this section,] certified in accordance with  
31       regulations adopted by the Labor Commissioner and registered with  
32       the Connecticut State Apprenticeship Council established under  
33       section 31-22n, in an amount equal to four dollars per hour multiplied  
34       by the total number of hours worked during the income year by  
35       apprentices in the first half of a two-year term of apprenticeship and  
36       the first three-quarters of a four-year term of apprenticeship, provided  
37       the amount of credit allowed for any income year with respect to each  
38       such apprenticeship may not exceed four thousand eight hundred  
39       dollars or fifty per cent of actual wages paid in such income year to an  
40       apprentice in the first half of a two-year term of apprenticeship or in  
41       the first three-quarters of a four-year term of apprenticeship,  
42       whichever is less.

43       [(b)] (c) There shall be allowed a credit for any taxpayer against the  
44       tax imposed under this chapter for any income year with respect to  
45       each apprenticeship in plastics and plastics-related trades commenced  
46       by such taxpayer in such year under a qualified apprenticeship

47 training program, [as described in this section,] certified in accordance  
48 with regulations adopted by the Labor Commissioner and registered  
49 with the Connecticut State Apprenticeship Council established under  
50 section 31-22n, which apprenticeship exceeds the average number of  
51 such apprenticeships begun by such taxpayer during the five income  
52 years immediately preceding the income year with respect to which  
53 such credit is allowed, in an amount equal to four dollars per hour  
54 multiplied by the total number of hours worked during the income  
55 year by apprentices in the first half of a two-year term of  
56 apprenticeship and the first three-quarters of a four-year term of  
57 apprenticeship, provided the amount of credit allowed for any income  
58 year with respect to each such apprenticeship may not exceed four  
59 thousand eight hundred dollars or fifty per cent of actual wages paid  
60 in such income year to an apprentice in the first half of a two-year term  
61 of apprenticeship or in the first three-quarters of a four-year term of  
62 apprenticeship, whichever is less.

63 [(c)] (d) There shall be allowed a credit for any taxpayer against the  
64 tax imposed under this chapter for any income year with respect to  
65 wages paid to apprentices in the construction trades by such taxpayer  
66 in such year that the apprentice and taxpayer participate in a qualified  
67 apprenticeship training program, [as described in this section,] which  
68 (1) is at least four years in duration, (2) is certified in accordance with  
69 regulations adopted by the Labor Commissioner, and (3) is registered  
70 with the Connecticut State Apprenticeship Council established under  
71 section 31-22n. The tax credit shall be (A) in an amount equal to two  
72 dollars per hour multiplied by the total number of hours completed by  
73 each apprentice toward completion of such program, and (B) awarded  
74 upon completion and notification of completion of such program in  
75 the income year in which such completion and notification occur,  
76 provided the amount of credit allowed for such income year with  
77 respect to each such apprentice may not exceed four thousand dollars  
78 or fifty per cent of actual wages paid over the first four income years  
79 for such apprenticeship, whichever is less.

80 [(d)] For purposes of this section, a qualified apprenticeship training

81 program shall require at least four thousand but not more than eight  
82 thousand hours of apprenticeship training for certification of such  
83 apprenticeship by the Connecticut State Apprenticeship Council. The  
84 amount of credit allowed any taxpayer under this section for any  
85 income year may not exceed the amount of tax due from such taxpayer  
86 under this chapter with respect to such income year.]

87 (e) There shall be allowed a credit for any taxpayer against the tax  
88 imposed under this chapter for any income year with respect to each  
89 apprenticeship of a newly hired veteran in the manufacturing, plastics,  
90 plastics-related and construction trades by such taxpayer in such year  
91 that the newly hired veteran apprentice and taxpayer participate in a  
92 qualified apprenticeship training program which (1) is at least two  
93 years in duration, (2) is certified in accordance with regulations  
94 adopted by the Labor Commissioner, and (3) is registered with the  
95 Connecticut State Apprenticeship Council established under section  
96 31-22n. The tax credit shall be (A) in an amount equal to two dollars  
97 per hour multiplied by the total number of hours completed by each  
98 newly hired veteran toward completion of such program, and (B)  
99 awarded upon completion of each income year, provided the amount  
100 of credit allowed for such income year with respect to each newly  
101 hired veteran may not exceed fifty per cent of actual wages paid. A  
102 taxpayer eligible for more than one credit under this section may only  
103 claim one credit for each newly hired veteran, whichever of such  
104 credits is the greatest.

105 (f) The amount of credit allowed any taxpayer under this section for  
106 any income year may not exceed the amount of tax due from such  
107 taxpayer under this chapter with respect to such income year.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to income years commencing on or after January 1, 2012</i>	12-217g
-----------	---	---------

***Statement of Legislative Commissioners:***

In section 1(e), "as described in this section" was deleted for conciseness and statutory consistency.

**VA**        *Joint Favorable Subst. C/R*

LAB

**LAB**        *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 13 \$</b>	<b>FY 14 \$</b>
Department of Revenue Services	GF - Revenue Loss	None	820,000-1.6 million
Department of Revenue Services	GF - Cost	Less than 1,000	None

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill provides an altered Apprenticeship Training tax credit for corporations that employ certain veterans. This results in a revenue loss against the Corporation Business Tax of approximately \$820,000-\$1.6 million in FY 14, \$1.5 million-\$1.8 million in FY 15, and approximately \$1.8 million-\$3.6 million in FY 16. The revenue loss is based on projected employment data in relevant trades prorated to reflect applicable Connecticut veterans.

The bill also results in a one-time cost to the Department of Revenue Services (DRS) of less than \$1,000 in FY 13 associated with tax form alteration and changes to the Taxpayer Service Center (TSC) to accommodate the credit.

#### **The Out Years**

The bill results in an estimated revenue loss of \$1.5 million-\$1.8 million in FY 15 and \$1.8 million-\$3.6 million in FY 16.

Sources: *Moody's Economy.com Employment Projections*  
*United States Bureau of Labor Statistics*  
*United States Department of Veterans Affairs*

**OLR Bill Analysis****sSB 331****AN ACT PROVIDING A TAX CREDIT FOR CERTAIN EMPLOYERS OF VETERANS.****SUMMARY:**

This bill provides corporation tax credits for businesses that employ certain veterans of Operation Enduring Freedom (Afghanistan) and the Iraq war who are participating in manufacturing, plastics, or construction trades apprenticeship training programs.

Existing law provides corporation tax credits for businesses that employ apprentices in these programs. Unlike these existing programs, the bill provides access to credits annually and does not limit them to set amounts. As under existing law, a business' total annual credit cannot exceed its tax liability for the year.

The bill specifies that a company eligible for more than one apprenticeship training tax credit may only claim one credit for each newly hired veteran, whichever credit is greater.

**EFFECTIVE DATE:** Upon passage and applicable to income years beginning on or after January 1, 2012.

**CORPORATION TAX CREDIT FOR HIRING CERTAIN VETERANS AS APPRENTICES*****Eligibility***

A business qualifies for the credit for newly hired veterans if its apprenticeship training program lasts at least two years. The newly hired veteran must have been:

1. unemployed before being hired, regardless of whether he or she received unemployment compensation benefits;

2. a member of the armed forces of any state or any reserve component of the U. S. armed forces;
3. called to active service in support of Operation Enduring Freedom or presidentially authorized military operations against Iraq; and
4. honorably discharged after serving at least 90 days in an area the president designated by executive order as a combat zone, or earlier if the employee was separated from service due to a Veterans' Administration-rated service-connected disability.

### ***Credit Amount and Redemption***

Under the bill, the credits are awarded annually and equal \$2 per hour multiplied by the total number of hours each newly hired veteran completes in the program each year. The credit amount is capped at 50% of the apprentices' wages.

Table 1 below describes existing law's apprenticeship training tax credits.

**Table 1: Existing Apprenticeship Training Tax Credits**

<b>Program</b>	<b>Tax Credit Amount per Apprentice</b>
Manufacturing, Plastics, and Plastic Related Trades Training Tax Credits	<p>The lesser of:</p> <ul style="list-style-type: none"> <li>• \$4 per hour multiplied by the total number of (1) hours worked by the apprentice during the first half of a two-year qualifying apprenticeship training program or (2) hours worked by the apprentice during the first three-quarters of a four-year qualifying apprenticeship training program;</li> <li>• 50% of the total wages paid to the apprentice during the (1) first half of a two-year qualifying apprenticeship training program or (2) first three-quarters of a four-year qualifying apprenticeship training program; or</li> <li>• \$4,800</li> </ul>
Construction Trades	<p>The lesser of:</p> <ul style="list-style-type: none"> <li>• \$2 per hour multiplied by the total</li> </ul>



Training Tax Credits	<p>number of hours completed by the apprentice during a four-year qualifying apprenticeship training program;</p> <ul style="list-style-type: none"> <li>• 50% of the total wages paid to the apprentice during a four-year qualifying apprenticeship training program; or</li> <li>• \$4,000.</li> </ul>
----------------------	---

Under both existing law and the bill apprenticeships must (1) provide between 4,000 and 8,000 hours of training, (2) be certified by the labor commissioner, and (3) be registered with the State Apprenticeship Council.

### COMMITTEE ACTION

Select Committee on Veterans' Affairs

Joint Favorable Substitute Change of Reference

Yea 10 Nay 0 (03/13/2012)

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9 Nay 0 (03/20/2012)